

# Exhibit 2



Skatteforvaltningen v Solo Capital Partners LLP & Others

Day 18MT

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1 increments of 5,000, but some increments have been  
 2 skipped out, correct?  
 3 A. Yes, that looks right.  
 4 Q. This wasn't accidental, Mr Shah. Someone had  
 5 deliberately determined to ensure that the numbers were  
 6 all different, correct?  
 7 A. Well, yes. I agree that they weren't accidental.  
 8 I don't know the logic behind them but yes, it is  
 9 obvious that they are unique.  
 10 Q. And someone had decided that they ought to be unique,  
 11 yes?  
 12 A. Yes.  
 13 Q. And someone had also decided that it was a good idea not  
 14 to make the pattern too obvious and it was worth  
 15 skipping out a few of the 5,000 increments, correct? It  
 16 is obvious someone has decided that; it couldn't be  
 17 accidental.  
 18 A. Yes, these numbers were produced in a spreadsheet and  
 19 the ones that are missing may have been allocated to  
 20 a different client.  
 21 Q. All of these are —  
 22 A. But I can see the usefulness of having unique numbers,  
 23 because they can be matched to the short sellers.  
 24 Q. There may be another use which we will come on to in  
 25 a moment, Mr Shah. But it is right that all of these

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1 were Argre plans, yes?  
 2 A. Yes, these ones were, yes.  
 3 Q. So why not just make the volumes the same for each of  
 4 the Argre plans?  
 5 A. I don't know the answer to that and it could have been  
 6 something that was discussed with the clients.  
 7 Q. Mr Shah, can I suggest to you that the reason the plans  
 8 were all given varying amounts to trade in  
 9 non—continuous increments is because you thought, and  
 10 perhaps the clients thought as well, that SKAT might be  
 11 less likely to appreciate the resulting withholding tax  
 12 applications were associated than would be the case if  
 13 they were all for identical numbers. Would you agree?  
 14 A. Well, at the time we didn't think that we would be able  
 15 to hoodwink SKAT in such a simplistic way. If SKAT had  
 16 the controls that we expected them to have, then this  
 17 type of deception would have been picked up. But  
 18 I think the reason for the uniqueness of each number is  
 19 to do with the matching of the buyers and the sellers.  
 20 Q. I suggest the real reason was you didn't want anyone to  
 21 notice there was a pattern and investigate further,  
 22 Mr Shah. You deny that?  
 23 A. No, I don't recollect that.  
 24 Q. Just — I just want to ask you something about an answer  
 25 you just gave, you said:

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1 "Answer: Well, at the time we didn't think that we  
 2 would be able to hoodwink SKAT in such a simplistic  
 3 way."  
 4 A. Yes.  
 5 Q. The implication of that is you gave some thought to what  
 6 it would take to hoodwink SKAT and you thought it would  
 7 take something more complicated?  
 8 A. No, maybe I should have phrased that better, saying that  
 9 if anyone wanted to try and deceive or hoodwink SKAT,  
 10 I don't think that having unique numbers of shares would  
 11 be the way to do it.  
 12 Q. It may not be the only —  
 13 A. But my recollection is that in no way did we give any  
 14 thought trying to trick or deceive or hoodwink SKAT at  
 15 the time.  
 16 Q. Can we go, please, to paragraph 451 of your first  
 17 witness statement at {V/27/81}. So paragraph 451. Do  
 18 you see you say there, Mr Shah:  
 19 "I had no involvement in deciding what trading the  
 20 clients would undertake — it was of no importance to  
 21 me. My aim was simply to have as many clients as  
 22 possible because this was how profits were generated.  
 23 I assumed the clients talked to each other."  
 24 Do you see that?  
 25 A. Yes.

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1 Q. Can we also, since we are looking at your statement,  
 2 look also at page {V/27/116}, paragraph 637, please.  
 3 A. 63 ...?  
 4 Q. 637. You see where you say:  
 5 "I did not instruct the [pension plans] on how to  
 6 trade, nor, to the best of my understanding did any of  
 7 the staff at Solo or my other companies. The clients  
 8 were, for the most part, experienced traders. If they  
 9 were not experienced traders, it was up to them to  
 10 obtain the assistance they needed. The Solo staff were  
 11 instructed not to educate the USPPs, but there were  
 12 several others, for example brokers, who were able to  
 13 give the USPPs the information and assistance they  
 14 needed."  
 15 If you look at paragraph 638, just below that, you  
 16 see you also say:  
 17 "Solo did not instruct the clients about which dates  
 18 to trade, or which shares to trade. As regards the  
 19 shares to be traded it was just common sense — Danish  
 20 companies who were paying a dividend."  
 21 Now, the evidence which you give in the passages of  
 22 your witness statement that I have just shown you,  
 23 Mr Shah, are simply untrue; correct?  
 24 A. No, I don't agree with that. I think the language used  
 25 is simplistic but I don't agree with that comment.

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1 Q. It is not simplistic, Mr Shah; it is misleading and  
 2 wrong.  
 3 A. No, I don't agree with that.  
 4 Q. You say you had no involvement in deciding what trading  
 5 the clients would undertake. You plainly had some  
 6 involvement, Mr Shah?  
 7 A. No — yes. So just to clarify that point, it wasn't up  
 8 to me if the client wanted to trade just Danish shares  
 9 or if, for example, they want to trade — they wanted to  
 10 trade Belgian shares. That's the point I'm making  
 11 there. And also the information provided regarding the  
 12 volume of shares was — that was the prerogative of Solo  
 13 to provide. Any prime broker who allows a hedge — who  
 14 is providing an account to a hedge fund has to provide  
 15 limits and obviously from the pension plans' perspective  
 16 they want to trade as many shares as they can.  
 17 But I don't believe I was instructing the —  
 18 I wasn't instructing the pension plans or the Labuan  
 19 companies on what exactly to trade. The comment in or  
 20 the key word in 637 is:  
 21 "I did not instruct the [US pension plans] on how to  
 22 trade~..."  
 23 So "how to trade" means — to me that means what day  
 24 to trade, which stocks to trade, which stocks not to  
 25 trade, what time of the day to trade, how to get the

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1 Danish interest rates from public sources and so on.  
 2 Q. So just to be clear, I'm trying to understand what you  
 3 are saying, so what you are saying is that when you said  
 4 in paragraph 80:  
 5 "I did not instruct them in how to trade ..."  
 6 What you are intending to say is you didn't instruct  
 7 them what day to trade, which stocks to trade, which  
 8 stocks not to trade, what time of day to trade, how to  
 9 get the Danish interest rates. Are you still saying,  
 10 Mr Shah, is it still your evidence, that you didn't tell  
 11 them which stocks to trade and the price at which to  
 12 trade?  
 13 A. Well, I think what I have covered already is that the  
 14 dates to trade were obvious, which shares to trade on  
 15 those dates was obvious, the messages that I'm sending  
 16 to Argre are to do with what trades will be approved by  
 17 Solo. So this is not something that's out of the scope  
 18 of a prime broker to provide to their client.  
 19 Q. Would you agree that it might have been more honest if  
 20 you had, whilst clarifying what you say you didn't  
 21 instruct them to do, also explained to the court what  
 22 you did tell them to do, that is to say the price at  
 23 which to trade, the volume at which to trade, just to  
 24 take two examples?  
 25 A. Yes, I agree that this statement here should have been

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1 more clear.  
 2 Q. And would you agree that the statement here was  
 3 misleading, Mr Shah?  
 4 A. I wouldn't describe it as misleading. It is not  
 5 incorrect, but it is just, I would say, too vague. Not  
 6 detailed enough.  
 7 Q. I'm going to suggest to you, Mr Shah, that what you said  
 8 here is untrue and that you knew it was untrue?  
 9 A. I disagree.  
 10 Q. I'm going to put this to you very squarely: the GSS  
 11 trading was preplanned, I think you would agree with  
 12 that, yes?  
 13 A. Yes.  
 14 Q. The GSS clients were told when and what to trade, yes?  
 15 A. No, they weren't told when and what to trade by — they  
 16 didn't have to be told when and what to trade, and  
 17 regarding what to trade, I would describe it as the  
 18 approvals were provided to them, so they weren't  
 19 instructed on what to do, the approvals were  
 20 communicated to them before they traded.  
 21 Q. Would you accept that you were involved in this  
 22 personally, Mr Shah?  
 23 A. Yes, before automation at least.  
 24 Q. I think as part of one of the answers you have given,  
 25 you suggested that the numbers that — the volumes of

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1 trading somehow related to trading limits; is that what  
 2 you are saying?  
 3 A. Yes. So Solo decided how many shares each account were  
 4 going to be approved for trading.  
 5 Q. And the reason that those particular amounts were  
 6 chosen, Mr Shah, had nothing to do with trading limits  
 7 but everything to do with the volume Solo wanted the  
 8 pension plan to trade, so that everything could balance  
 9 out to zero, correct?  
 10 A. Yes, based on the information obtained from the short  
 11 sellers.  
 12 Q. Mr Shah, can I suggest that the reason you have been  
 13 willing, at the very least not to tell the whole truth  
 14 here, is because this evidence about your involvement  
 15 and about the extent to which Solo was instructing the  
 16 trading counterparties what to do all highlights the  
 17 fact that Solo and you had arrangements in place with  
 18 these people who were willing to do exactly as you  
 19 wished in order to facilitate the making of  
 20 a withholding application. Correct?  
 21 A. Yes, they wanted to make a profit and so did I. I would  
 22 also — I think it is worth also just bringing your  
 23 attention or bringing the court's attention to the fact  
 24 that this first witness statement was produced after me  
 25 not having access to documents that could have provided

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